

GOVERNOR HOKE SMITH ON RAILROAD CONTROL

Every Commoner reader should read the speech delivered by Governor Hoke Smith, of Georgia, in the city of Atlanta. It is reproduced because it is a clear, concise and emphatic statement of the evils connected with the operation of our railroads. It has sometimes been said that the south was not as much alive as the north to the evils of the present railroad management, but Mr. Smith's speech shows that the people of Georgia at least have a governor who understands the situation and who has the courage to meet the situation. On the very important subject of railroad regulation his position is positive and unequivocal. It is gratifying to see him take up the problem with so much ability. Strength to your arm, Governor Smith!

Following are extracts from the governor's speech:

CORPORATION'S RIGHTS

Corporations owned and organized to build railroads differ entirely from ordinary private corporations, such as banks and manufacturing companies. They are public in their nature. They are given special privileges and assume special duties. A company owning a bank or manufactory can only acquire property by the consent of those with whom it trades.

A railroad company exercises the state's power of eminent domain to take private property for its use even without the owner's consent. This power is exercised upon the theory that the public will be benefited, and a railroad company is allowed to use it because a railroad company is a corporation public in its nature with fixed public duties.

While the state permits the money of private individuals to be used for the construction of a railroad, the obligations of the railroad to the public are none the less clear. The stockholders of a railroad company are entitled to a fair return upon their money, but no more. The public are entitled to a voice in the charges which are made by the railroad company for carrying passengers and freight. These charges must always be reasonable and free from discriminations.

A railroad company, by reason of its public nature, assumes the responsibility to furnish an adequate and safe service for the business of those dealing with it. A railroad company owes to the public to furnish ample means for transportation over its lines for persons and freight, and to charge only reasonable rates for this service.

THE PUBLIC HAS RIGHTS

The duties of a railroad company, therefore, are dual; first, to the public; second, to its stockholders. The officers who manage the railroad company are selected by the stockholders, and have in view primarily the payment of large dividends.

The public must look to the state and the nation to protect their rights. The state should protect the public in all matters relating to local business, and the nation should protect the public in all matters relating to interstate business.

The people generally are appalled at the present railroad situation. Almost daily they hear of some terrible catastrophe due to a railroad wreck. Trains are delayed until twenty-four hours late is not an unheard of situation.

Men engaged in shipping understand how difficult it is to obtain cars, and how paralyzing is the delay in transportation even after goods are shipped.

They also understand that excessive and discriminatory charges are made by the railroads for carrying freight.

It is useless to present the excuse that these troubles are caused by excessive business.

CAUSES OF WRECKS

The wrecks have largely been the result of employing inexperienced, underpaid men, and then of overworking them. The disregard of the block system seems almost to have been intentional.

Trains have been chiefly delayed because engines have been overtaxed and improperly repaired. Engines have been used that were not fitted for the service.

The failure to furnish sufficient cars for carrying freight may be in part due to the unexpected increase in business, but it is largely the result of carelessness in returning cars to their original owners. For this, all the railroads are responsible. They have neglected to place a proper charge upon the roads retaining the cars. The delays are largely due to carelessness in handling cars at terminal points and at junction points, and to a failure to furnish engines and cars sufficient at terminal and junction points to handle the business.

The increase of business has not been a sudden increase. It has been gradual, and the volume,

long ago, demanded equipments in excess of those provided.

The equipments now on hand have not been used with a proper effort to serve the public. Let me illustrate this charge with a single instance.

A GLARING INJUSTICE

In a certain city of Georgia there is a cotton compress not owned by the compress trust. It had the capacity to compress all the cotton hauled from that city. It was located within the yards of a railroad company. A half hour service each day could have moved cotton to and from the compress so that the compress could have prepared all the cotton of that city in a compressed state for shipment. The railroad company, while complaining of lack of cars with which to do business, neglected this simple service to the compress company, and forced a large amount of the cotton from that city to be shipped to ports in an uncompressed condition, thereby requiring a great many more cars to haul the cotton. A half hour additional service each day to the compress company would have saved the use of several hundred cars.

The delay in shipments has been largely due to indifference to the rights of the public. The lack of sufficient equipment is no sufficient excuse.

Railroads have had ample money with which to meet all of their obligations to the public. Their business for several years has been excessively large, and their incomes immense. A proper use of that portion of their incomes which should have been devoted to increase equipments would easily have enabled them to meet the public demands.

EVILS OF WATERED STOCKS

I will not occupy your time now to present proof of excessive charges made for transporting freight. It has been estimated that the railroad companies in the United States are paying interest and dividends upon \$6,500,000,000 of watered stocks and bonds.

The highest court of our land has declared that transportation charges made by railroad companies to pay dividends on stocks and bonds issued in excess of money actually put into the properties are unjust.

The figures I have just presented to you show that the transportation companies of the United States are yearly taxing the public over \$300,000,000 in excess of what they should justly charge for the service rendered.

We can easily place our finger upon the root of the evil, so far as the conduct of the transportation companies is concerned.

They have issued enormous quantities of watered stocks and watered bonds. They are straining their properties to pay dividends on these excessive bond and stock issues.

The public is charged unreasonable rates that the money may be made to pay dividends on these stocks and bonds, and net earnings which should have been used to equip the properties have been paid out on excessive bond and stock issues. The long hours of work and the low pay to employes have not been required to make legitimate dividends on legitimate stocks, but these burdens, also, have been placed in the interest of excessive bond and stock issues.

Marked values have been created for the excessive bond and stock issues by dividends paid on them.

The officers high up in authority have reaped their millions in profits, while the rights of the public have been disregarded.

GOVERNMENT ACTION NEEDED

While the time must come when the officers of the railroad companies realize and live up to their duties to the public, it will not precede a bold and vigorous enforcement of the rights of the public by national and state governments.

An individual shipper, or even the collective shippers, of a single community cannot alone protect their rights. It requires the powerful hand of the national government to protect in local transportation. Behind the nation and the states are the people. The government is theirs, if they will but assert themselves.

This is no party question. I long to see the leaders of both parties represent the rights of the people. I give credit, with pleasure, to President Roosevelt for what he has done, and although I am a democrat, I hope that the progressive element of the republican party, the element disposed to protect popular rights, led by President Roosevelt, will prevent the tools of corporations and the reactionary element of the republican party from again coming into control of that party.

While the timid may fear to participate in this struggle, every sane man will recognize that the commerce of this country must be protected from

the uncontrolled greed of those who handle the arteries of trade. We may expect, while the process of perfecting regulation proceeds, an effort on the part of those engaged in transportation to create the impression that government and state control is responsible for the grievances which afflict shippers.

Do not be deceived. You will never have a proper service at just rates until the government and the states, acting in response to the demand of the masses of the people, force them for you.

PEOPLE ARE JUST WAKING UP

But the question may be asked, How is it that the states and the nation have so long failed to exercise their full authority in transportation matters for the protection of the public?

Speaking generally, the enormous increase of railroads and the entire public's dependency upon them has been largely a growth of the past quarter of a century. The public generally are just beginning to realize how much has been taken from them. The hosts of greed have been thoroughly organized all the time; they have been vigilant with their hired political agents, manipulating the machinery of both the political parties. They have been free with their money to contribute to the election of men whom they desired in office. They have been ready with their employes in the shape of retained attorneys to fill the various offices; their power has been so great that men have feared to challenge it. The free pass practice has been a fruitful source of corruption. The low political plane, which permitted the use of money to control elections, made their defeat almost impossible.

There can be no successful assertion of popular rights without purity at the ballot box, and the first great step towards protecting the rights of the people by national and state power from wrongs at the hands of the transportation companies must be through the elimination of the use of money in political contests.

FREE PASSES MUST GO

At the very beginning of our struggle, we must demand in Georgia, and all over the land, that the use of money to influence voters be stopped, and that men who undertake to use it change their citizens' clothes for convicts' stripes.

Interstate free passes have been prevented by congress. The legislature will end them in Georgia next summer.

The next power that has been a great hindrance to your rights has been the hired political agent, the sleek, smooth, well-paid fellow, with ample favors to distribute, with nothing to do but to manipulate politics, dominating party machinery, and whispering in the ears of legislators. The presence of these men must cease all over the land. They must be driven out of the states. They must be exiled from Washington city. They must be excluded by popular opinion from respectable society. They must be recognized as worse than men who seek to control a jury by privately telling jurors how to make their verdict. States and national statutes should subject them to severe punishment, and their occupancy of any position of trust should be a thing impossible.

THE SITUATION IN GEORGIA

These three steps gained, it will be surprising how rapidly the rights of the people move forward.

The way to accomplish good is to begin at home. Let us put an end to the free pass practice in Georgia. Let every traveler pay and all pay less.

The political agent is dead in Georgia. Let us see that his influence is not resurrected. Let us set a pattern that will give encouragement to sister states and reach even with its influence to our national capital. Let us help make the people of Georgia realize that a man who gives his vote as a result of corporation money has sold his political birthright for a mess of pottage. Let us make the hired politician a thing more to be shunned than a man with smallpox or leprosy. Let us protect our state from money in politics and from the hired politician by laws providing severe penalties.

We can contribute to a sentiment which will help give us a national railroad commission capable and willing to handle interstate questions.

In local matters the people of Georgia can protect themselves. Let us create a railroad commission for our state with all the powers necessary to serve the people and let us place upon the commission men who are wise, honest and brave—who have proved themselves devoted to the rights of the people.

While I would view with alarm any effort by the government at this time to take over all the railroads in the United States, we need not be